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FM AMEMBASSY ACCRA
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UNCLAS ACCRA 000480

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FROM CHARGE SKBROWN

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E.O. 12958: N/A

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SUBJECT: GHANA: SCENE SETTER FOR DEPUTY SECRETARY BARRETT'S VISIT TO
GHANA APRIL 10-12, 2008

1.(SBU) Mr. Deputy Secretary and delegation members: Our entire mission joins me in extending to you a very warm welcome to Ghana. We hope your visit here helps inform you and your team, and we look forward to supporting your objectives.

12. (SBU) SUMMARY: After celebrating 50 years of independence in 2007, Ghana is preparing to hold Parliamentary and Presidential elections in December 2008. At that time, Ghanaians will choose a successor to President John A. Kufuor. In addition to holding independence celebrations in 2007, Ghana hosted the African Union (AU) Summit and co-hosted with the United States the Sixth African Growth and Opportunity Act (AGOA) Forum. From January 20-February 10, 2008 Ghana hosted 16 teams from around the African continent in the African Nations Cup soccer championship. Mere days after Ghana took a somewhat disappointing third place in the soccer championship, President Bush visited Ghana. He reinforced the bilateral relationship, highlighted existing trade and development programs and announced funding for health programs. Considerable press attention also focused on President Bush's emphatic denial of rumors regarding a possible U.S. military presence in Ghana with the newly formed U.S. Africa Command (AFRICOM). In April, Ghana will host UNCTAD XII, which will bring thousands of participants to Accra.

13. (U) Ghana has made impressive progress in democratic and economic development but challenges remain in such areas as poverty reduction, lack of adequate infrastructure, particularly in the power sector, and narcotics trafficking (cocaine and heroin). Ghana has a goal of achieving middle income status by 2015. U.S. interests center on support for Ghana's democracy, promotion of poverty reduction and shared prosperity, private sector development, security cooperation, and enhanced people-to-people and cultural ties. Ghana is a reliable partner in peacekeeping, conflict resolution, counter-terrorism and economic development. As evidence of Ghana's leadership role on the continent, President Kufuor recently completed his tenure as President of the African Union and Ghana completed its term as a non-permanent member of the UN Security Council. END SUMMARY.

2007 AND 2008: IMPORTANT YEARS FOR GHANA

13. (SBU) Ghana is now gearing up for its December 2008 Presidential and legislative elections. President Kufuor cannot seek another term under Ghana's constitution. The 2007 independence celebrations provided an opportunity for many Ghanaians to celebrate the country's many achievements over the last 50 years, as well as to reflect on ways to meet the challenges that remain.

POSITIVE STEPS FORWARD

14. (SBU) Ghana is relatively stable, with an apolitical military, a generally good record on human rights, and a lively, free media. After 15 years of democratic governance, Ghanaians are committed to democracy. Ghana has held four consecutive free and fair national

elections. While parliament is weak and the main parties are increasingly polarized, there is political space for the opposition and almost half of parliamentary seats are held by the main opposition National Democratic Congress (NDC) party. Civil society, particularly religious associations, is well organized.

¶5. (U) Politics is increasingly focused on the 2008 election which promises to be a close race between the National Democratic Congress (NDC) and the ruling New Patriotic Party (NPP). The NPP defeated the NDC in the two previous elections by thin margins. In December, the ruling NPP selected Nana Akufo Addo, former Minister of Foreign Affairs, as its candidate from among 17 aspirants, and the NDC has selected 2000 and 2004 party flag-bearer, and former Vice President in the Rawlings administration, Professor John Atta Mills to contest once again for the presidency. The People's National Convention (PNC) has chosen Dr. Edward Mahama who also ran in the 2004 election. The Convention People's Party (CPP) selected as its candidate, Dr. Paa Kwesi Ndoum, former Minister for Public Sector Reform and the lead official in developing Ghana's MCC Compact. In 2004, the NPP received 53.4% of votes, the NDC received 43.7% of votes, the PNC received 1.9% of votes and the CPP received 1% of votes.

¶6. (SBU) The economy has performed generally well under the Kufuor administration. Sound macro-economic policy accompanied by major debt relief, large inflows of donor resources and relatively high cocoa and gold prices have been key to the steady improvements in the real GDP growth, which was more than 6 percent in 2006 and 2007, lower inflation and reductions in poverty. In October 2007 Ghana became the first sub-Saharan country other than South Africa to successfully enter international capital markets by issuing a \$750 million sovereign bond. In 2008, Ghana will be the first sub-Saharan African country to meet the Millennium Development Goal of reducing poverty by 50 percent.

¶7. (U) USAID provides significant support for Ghana's development, averaging about \$40 million annually 2004-2007 in addition to \$22 - \$25 million in food aid prior to FY 2007. While food aid is being phased out, additional support for malaria and education under the special Presidential Initiatives has increased overall funding for USAID to approximately \$73 million in FY 2008. Ghana's strong performance was recognized in 2006 with the signing of a five-year, \$547 million Compact with the Millennium Challenge Corporation, aimed at transforming Ghana's agriculture. The Compact has three main components: enhancing profitability of small farmers; reducing costs affecting agricultural commerce through improvements in infrastructure, including roads; and expanding basic services in the agricultural communities.

DIFFICULT CHALLENGES REMAIN -----

¶8. (SBU) Despite Ghana's democracy and stability, politics is deeply polarized, political power is highly centralized, and democratic institutions are weak. Corruption is a serious problem and Ghana faces human rights challenges relating to child labor and human trafficking. Ghana also faces a range of security challenges, including a rise in violent street crime and vigilante justice, sometimes violent chieftaincy disputes, a proliferation of small arms, and a growing problem with narcotics trafficking.

¶9. (U) Economically, Ghana is vulnerable to external price shocks in cocoa and gold, which account for about 65 percent of exports, and the country is heavily dependent on foreign aid and remittances. While the macro-economic picture remains generally positive, the fiscal deficit has increased to more than 7% of GDP over the last two years and high food and oil prices have contributed to an increase in inflation to 13.2% in February compared to 10.2% in September 2007. Infrastructure necessary to support growth is poor, particularly power generation and water supply. Last year's energy crisis, with scheduled 12-hour power outages every second day, has subsided somewhat, but concerns over long-term energy policies remain. The impact of the discovery in 2007 of potentially commercially viable oil reserves in Ghanaian waters is a wild card in Ghana's energy and economic future.

¶10. (SBU) Social indicators such as maternal and infant mortality rates are well below levels in the 1980s but remain high and have not changed significantly in ten years. Access to education has grown but quality is lacking. Many Ghanaians do not feel they have benefited from the country's macroeconomic success. According to the Center for Democratic Development's 2005 Afrobarometer survey, 53 percent of respondents thought their standard of living had declined over the previous year, compared to 38 percent in a similar survey in 2002.

GHANA IN THE WORLD

¶11. (U) Ghana has been playing an increasingly significant and positive global leadership role. It is an active member of the Economic Community of West African States (ECOWAS), chaired the African Union in 2007, and just concluded a term as a non-permanent member of the UN Security Council. Ghana is a major contributor of troops to UN Peacekeeping Missions and currently has personnel serving in Liberia, Cote d'Ivoire, Democratic Republic of the Congo, and Lebanon. Ghanaian elder statesman and former UN Secretary General Kofi Annan recently helped broker a fragile power-sharing agreement in Kenya. Ghana prefers multilateral solutions to global problems and has a history of committed African leadership, based on consensus among players.

GHANA AND THE U.S.

¶12. (SBU) Our bilateral relations are exceptionally good, and Ghanaians and citizens of the U.S. share a love of democracy, human rights, educational opportunity, free enterprise, peace and stability. There is a deep reservoir of goodwill toward the United States and a genuine appreciation of our role and contributions to this society. Approximately 3000 Ghanaian students are studying in the United States and the Mission nominates many strong candidates for International Visitor Programs that enhance professional development. Ghana, in partnership with AFRICOM, has made great strides in developing its maritime domain awareness, improving its commercial port security and safeguarding its territorial waters. Africa Partnership Station, a six-month U.S. deployment to the Gulf of Guinea, recently wrapped up training in Ghana, providing courses to nearly one-third of the Ghana Navy. We look forward to welcoming you to experience a bit of Ghana's successes and challenges first hand.

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